

**Title 36: TAXATION**  
**Chapter 841: INFLATION ADJUSTMENTS**

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**Maine Revised Statutes**  
**Title 36: TAXATION**  
**Chapter 841: INFLATION ADJUSTMENTS**

**§5401. FINDINGS AND PURPOSE**

Inflation erodes the value of personal exemptions and deductions in the Maine individual income tax structure and distorts fiscal equity among taxpayers. Inflation-induced increases in individual income tax revenues result in annual collections that exceed the amounts anticipated by legislative actions establishing rates, exemptions, deductions and other features of the Maine individual income tax. Furthermore, the income tax laws of this State, in combination with economic inflation, have caused inequitable treatment of the taxpayers because the application of inflexible, statutorily prescribed rates of tax, standard deduction and personal exemption to increasing personal incomes has resulted in increasing the taxpayer's tax liability while the taxpayers purchasing power has remained the same or, in some instances has decreased. It is the purpose of this Act to correct this situation by requiring that certain components of the individual income tax structure be adjusted in order to compensate for the impact of inflation. [1983, c. 2, §4 (NEW).]

SECTION HISTORY

IB 1983, c. 2, §4 (NEW).

**§5402. DEFINITIONS**

As used in this chapter, unless the context indicates otherwise, the following terms have the following meanings. [1987, c. 430, §1 (AMD).]

**1. Chained Consumer Price Index.** "Chained Consumer Price Index" means the average over a 12-month period of the Chained Consumer Price Index, not seasonally adjusted, published monthly by the Bureau of Labor Statistics, United States Department of Labor designated as the "Chained Consumer Price Index for All Urban Consumers-United States City Average."

[ 2013, c. 368, Pt. Q, §9 (AMD) .]

**1-A. Base year index.**

[ 1989, c. 495, §5 (RP) .]

**1-B. Cost-of-living adjustment.** The "cost-of-living adjustment" for any calendar year is the Chained Consumer Price Index for the 12-month period ending June 30th of the preceding calendar year divided by the Chained Consumer Price Index for the 12-month period ending June 30, 2014.

[ 2013, c. 368, Pt. Q, §10 (AMD) .]

**2. Percentage adjustment factor.**

[ 1999, c. 731, Pt. T, §11 (AFF); 1999, c. 731, Pt. T, §9 (RP) .]

**3. Inflation factor.**

[ 1999, c. 731, Pt. T, §11 (AFF); 1999, c. 731, Pt. T, §9 (RP) .]

SECTION HISTORY

IB 1983, c. 2, §4 (NEW). IB 1983, c. 3, §5 (AMD). 1987, c. 430, §1 (AMD). 1987, c. 819, §13 (AMD). 1989, c. 495, §§5,6 (AMD). 1999, c. 731, §§T8,9 (AMD). 1999, c. 731, §T11 (AFF). 2011, c. 380, Pt. N, §17 (AMD). 2011, c. 380, Pt. N, §§19, 20 (AFF). 2013, c. 368, Pt. Q, §§9, 10 (AMD).

### §5403. ANNUAL ADJUSTMENTS FOR INFLATION

Beginning in 2015, and each calendar year thereafter, on or about September 15th, the assessor shall multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the dollar amounts of the tax rate tables specified in section 5111, subsections 1-D, 2-D and 3-D and of the benefit base amounts in section 5219-KK, subsection 1, paragraph A. Beginning in 2013, and each calendar year thereafter, on or about September 15th, the assessor shall multiply the cost-of-living adjustment for taxable years beginning in the succeeding calendar year by the dollar amount of the itemized deduction limitation amount in section 5125, subsection 4. If the benefit base amounts, itemized deduction limitation amount or the dollar amounts of each rate bracket, adjusted by application of the cost-of-living adjustment, are not multiples of \$50, any increase must be rounded to the next lowest multiple of \$50. If the cost-of-living adjustment for any taxable year would be less than the cost-of-living adjustment for the preceding calendar year, the cost-of-living adjustment is the same as for the preceding calendar year. The assessor shall incorporate such changes into the income tax forms, instructions and withholding tables for the taxable year. [2013, c. 551, §4 (NEW).]

#### SECTION HISTORY

IB 1983, c. 2, §4 (NEW). 1983, c. 3, §6 (AMD). 1987, c. 430, §2 (AMD). 1987, c. 819, §14 (RPR). 1989, c. 495, §7 (AMD). 1991, c. 528, §CCC (AMD). 1991, c. 528, §RRR (AFF). 1991, c. 591, §CCC (AMD). 1999, c. 731, §T11 (AFF). 1999, c. 731, §T10 (RPR). 2009, c. 213, Pt. WWW, §1 (AMD). 2009, c. 213, Pt. WWW, §2 (AFF). 2011, c. 380, Pt. N, §18 (AMD). 2011, c. 380, Pt. N, §19 (AFF). 2013, c. 368, Pt. Q, §11 (AMD). 2013, c. 368, Pt. Q, §12 (AFF). 2013, c. 368, Pt. TT, §19 (AMD). 2013, c. 551, §4 (RPR).

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